

January 2009 Newsletter



Eight Steps to a Better Business Plan

by Jim Hassett, Ph.D.

*This article is based on a presentation Jim Hassett gave at the January 22nd meeting of the Philadelphia LMA chapter. A longer discussion of this topic can be found in Jim's blog *Legal Business Development* at www.jimhassett.com.*

Many lawyers have trouble developing business plans that make the best use of their limited marketing time. Some have unrealistic goals, some focus on the wrong clients, and some spend so much time fine tuning the plan that they never get around to executing it. The best business plans not only target the most promising audience, but also identify efficient tactics to build relationships and improve follow-up.

In these turbulent economic times, every legal marketer can see the benefits of helping lawyers to bring in new business in the short term. One of the best ways to do this is to help lawyers work on their business plans.

This article outlines eight steps that will not only help lawyers to write better business plans, but also increase the chance that they will follow up and implement them successfully.

Step 1 - Identify the tactics that will have the greatest impact for each practice

Successful lawyers never have enough time for marketing, and must prioritize relentlessly. Each lawyer must place the highest priority on tasks that are most likely to yield the type of clients they want to work with, and the types of matters they prefer to focus on.

One key issue in prioritizing is the proportion of your marketing time that each lawyer should devote to relationships vs. visibility. Of course, if time was unlimited, lawyers would work on both. But marketing time IS limited, and every minute spent on one of these will not be spent on the other.

In my opinion, many lawyers spend far too much time of their time on visibility – speaking, writing, attending events – and far too little on leveraging the relationships they already have, especially with current clients.

The ideal proportions will vary from one practice to another. In *The Essential Little Book of Great Lawyering*, Jim Durham distinguishes between three broad categories of legal work: “bet the company” matters (which he estimates at about 5% of all legal work), important matters (65-70%), and commodity work (25-30%).

If you focus on commodity work – a category that seems to be growing – once you guarantee a basic level of competence, price is everything. If you specialize in being the low bidder, you need to minimize the time you spend on relationships or visibility, because the less time you spend on marketing, the easier it will be to lower your billable rate.

At the other extreme, if you are fortunate enough to have a significant amount of “bet the company” work (which tends to be the most interesting and least price sensitive), visibility is very important. For this category, and for many types of litigation, there is little repeat business, and it is hard to predict who will need your services or when. Clients are not looking for the most pleasant lawyer or the one who returns phone calls most promptly; they are looking for the one who will win. Therefore, marketing should stress visibility and keeping your excellent reputation “top of mind,” so that the day clients need a lawyer, they will think of you.

In contrast, in the largest category – important work – relationships are everything. As Durham put it: “When you are doing important legal work your expertise and competence must be sufficient (but need not be exceptional), and the billing rates or projected costs for the work must be within the range of client expectations (but not necessarily the lowest). Beyond that... your success will be determined by the actual experience a client has working with you.” (p. 18)

Step 2 - Prioritize your target audiences

When lawyers talk to me about marketing, they usually mean finding new clients. But in this economy most should be focusing first on defensive marketing to protect the clients they already have.

Many lawyers think that their clients are already satisfied enough with the service they provide. They are usually wrong. In a 2008 survey of general counsel, *Inside Counsel* magazine asked lawyers to grade their overall performance with clients as A, B, C, D, or F. 42% of the lawyers thought they were earning an A. But when the magazine asked clients the same question, in fact only 17% earned As. In other words, most lawyers overrated their performance.

Lawyers are not alone in overrating client satisfaction. In his bestseller *The Ultimate Question*, client satisfaction guru Fred Reichheld quotes surveys showing that 80% of senior executives in a variety of industries believe that they deliver a superior experience to customers, but only 8% of customers agree (p. 117).

So the best time to start increasing the satisfaction of current clients is today. After they've increased the satisfaction of current clients, only then should lawyers start working on finding new ones. That's when the really hard work begins. Finding new clients is the hardest work you can do in a suit, because it takes so long, and it is so easy to fail.

Step 3: Commit to a definite number of marketing hours every week.

The best business plan in the world will produce nothing unless you put in the time to follow up, week after week after week.

The amount of time needed will vary widely from one practice to another. Given the current economic climate, in 2009 I recommend that most partners aim for one hour per day. Note that this is not necessarily time spent looking for new clients, but also includes non-billable service to improve relationships with current clients.

In most situations, I am a big believer that less is more. But with marketing time, more is more.

Step 4 - List action items that are SMART (specific, measurable, achievable, relevant, and timed)

The entire purpose of a business plan is to drive action. Too many business plans define the general direction, but don't get down to the level of specifying exactly what lawyers should do today.

Every business plan should include action items that are SMART: specific, measurable, achievable, relevant, and timed. Lawyers must particularly concentrate on defining action items that are achievable. If you are only going to be able to devote five hours per week to marketing, your top action items for a week should be tasks that can realistically be completed within five hours.

Step 5 - Customize the plan's format to individual needs

Below, I've included a simple two page business plan format that will help lawyers focus on the most important matters. But everybody likes doing things their own way, so if you want to add information to our format or the one used by your practice group, feel free to add:

- Major and minor practice areas
- Areas of niche expertise
- Top clients and referral sources
- Profile of ideal new clients
- Your "Unique Selling Proposition"
- Goals: Short term and long term
- Cross-selling targets
- Activities to market myself within the firm
- Networking activities I enjoy and time commitments required
- Associations/organizations/board memberships (e.g., industry or trade, bar, or social/community)
- A "SWOT Analysis" (Strengths, Weaknesses, Opportunities and Threats) of your practice group and your client needs

Step 6 - Coordinate with others

To increase efficiency it is very helpful for lawyers to work with business development staff, and with each other.

Coordinating activity with others will substantially increase the chances that lawyers will actually follow up. Trying to develop new business by yourself is a little like buying a NordicTrack as part of a New Year's resolution to get more exercise. By February, there's a good chance that it's primary use will be to hang up your clothes.

Regular marketing review meetings are also quite helpful. They could be with an entire practice group, a formal business development committee, or just two or three like-minded lawyers.

Even if a lawyer just decides to meet with a partner for breakfast once a month to review to do lists, working with others will provide social support, increase accountability, and lead to steady progress. The simple fact that you know you have a meeting coming up will help spur you to action. No one wants to report that they failed to follow up on all their action items.

Step 7 - Track time and activity, every week

"What gets measured gets done," according to management guru Tom Peters. So if you are serious about developing new business, you will need a continuing system to measure your time and activity.

If your firm has a time code that fits, tracking business development time in the official system can be useful. But whether lawyers do this on the record or off the record, they should keep a simple list of marketing hours each week out on their desks or someplace highly visible. A picture is worth a thousand words, so a graph that compares the weekly goal to hours actually put in can go a long way to keeping someone on track.

Step 8 - Review the plan quarterly

However carefully you develop your marketing plan, it will be wrong. The only question is: will it be wrong sooner, or will it be wrong later?

Clients change. Industries change. The best strategy for bringing in business this year may be the worst strategy next year. Therefore, it makes no sense to spend time making a business plan perfect. It should be made just good enough to spur you to action, and then tested in the real world.

I recommend that lawyers step back once a quarter to evaluate whether they are on the right track, by asking questions like these:

- Are my top clients very very happy?
- Am I meeting enough people who could become clients in the future?
- Are the relationships progressing at a reasonable rate?
- Am I spending an appropriate amount of time on increasing visibility?

A lawyer who can answer yes to these questions should consider the quarterly review a success, and keep going. New business never comes as quickly as people want, but consistent followup works. Making a commitment to marketing is like going on a diet. If you want to succeed, you must stick with it.

*Jim Hassett founded LegalBizDev (www.legalbizdev.com), to provide business development coaching, training, and consultation to lawyers and legal marketers. He has written seven books, including *Legal Business Development: A Step by Step Guide*, and *The LegalBizDev Success Kit*, a multimedia reference tool which has been purchased by firms with over 14,500 lawyers.*

For legal marketers who would like to help lawyers work on their business plans, the material below is reproduced from the handout from Dr. Hassett's talk at the chapter meeting on January 22.

How to get started

- List a few lawyers who might be interested in discussing their business plans.
- Meet with each lawyer to identify immediate action items and deadlines.
(If your firm already uses a standard format for business plans, of course you should start there. Otherwise, review the format of *The LegalBizDev Two Page Business Plan* below.)

Most lawyers should begin by increasing the satisfaction of current clients. Consider these best practices from other firms (as listed in *The LegalBizDev Desk Reference*.)

- Schedule a free visit to a client's office, to discuss the client's business needs.
- Schedule free monthly meetings or telecons "off the clock."
- Conduct a formal or informal client satisfaction interview.
- Ask the client what needs to be improved—responsiveness, timeliness, cost, and/or value—and brainstorm together about how to accomplish this.
- Improve communication about the business implications of legal matters.
- Increase transparency in budget estimates and billing.
- Promote efficiencies to reduce cost, and tell clients about them.
- Tell clients what they can do to help control or reduce legal costs.
- Organize a client service team.
- Improve your active listening skills.

- Check back after each deadline to ask whether they had a chance to follow up.
Discuss general priorities and the amount of time each lawyer will commit to marketing on a regular basis.